

**THE MARITIME TRADES DEPARTMENT, AFL-CIO,  
PUGET SOUND PORTS COUNCIL**

**TESTIMONY ON SECURING OUR TRADE ROUTES: POSSIBLE SOLUTIONS**

**PRESENTED TO THE**

**UNITED STATES SENATE SUBCOMMITTEE ON SURFACE TRANSPORTATION  
AND MERCHANT MARINE**

**HEARING CONVENED BY U.S. SENATOR RON WYDEN  
MONDAY, JULY 1, 2002  
SEATTLE, WASHINGTON**

**STATEMENT BY CAPT. DON MARCUS, VICE PRESIDENT- PACIFIC PORTS,  
MASTERS, MATES & PILOTS, AFL-CIO**

Good afternoon Senator Wyden and members of the subcommittee. It is an honor to be here today to testify on behalf of the Puget Sound Ports Council of the Maritime Trades Department, AFL-CIO. On a national level, the organizations that make up the Maritime Trades Department of the AFL-CIO represent the vast majority of mariners operating United States flag merchant vessels in international and domestic trade. In addition, hundreds of coastal and harbor craft on all our coasts and the Great Lakes are operated by the men and women represented by the constituent organizations of the Maritime Trades Department, AFL-CIO.

It is deeply gratifying that seafaring labor has been given a place at this forum. It is appropriate that we have been given an opportunity to provide input into your decision-making process. We thank you and your staff.

Every great trading nation since ancient times has thrived only to the extent that it has been able to maintain and protect its maritime trade routes. 9/11 has demonstrated that commerce can be brought to a halt. What we do now to reduce our vulnerabilities will have lasting repercussions.

Our vulnerabilities cannot be questioned. The United States is the world's greatest trading nation. The overwhelming proportion of our imports and exports are carried by sea. Sadly, as of May 2002 there were only 102 United States flag vessels engaged in international

trade. These vessels carry less than 3% of our foreign commerce. It is difficult to think of any great trading nation in history that allowed itself to become as dependent on foreign shipping as the United States currently is. Worse than the decline in the numbers of United States flag vessels is the loss of skilled professional mariners. Experienced seafarers are abandoning their sea-going careers in record numbers. Young Americans are not committing themselves to an industry that has no apparent future.

Our economic and military security, not to mention our port security, are now largely at the mercy of foreign-flag ocean carriers, foreign shippers and foreign seafarers. The United States Navy may be the most powerful force afloat, but if the carriage of our foreign trade is regulated from such places as Shanghai, Singapore, Tokyo, Copenhagen, Seoul, Hong Kong and London we are missing the point. Since its inception our naval forces were provided to protect our merchant shipping – United States-flag shipping that could guarantee an adequate flow of our foreign trade and provide logistical support to our armed forces during times of war.

The only way to “Secure our Trade Routes” is to develop a vigorous, national maritime policy. Those of us in the sea-going trades who were brought up on the stories of those that came before us can only shake our heads in wonder. What happened to the lessons of the Persian Gulf War, Viet Nam, Korea and the Second World War? Billions of dollars are being made transporting goods and materials to and from our shores under foreign flags. The immense power of this money must not inhibit the changes that are necessary to protect our trade routes and by extension our ports, citizens and national interest.

The next terrorist attack will likely involve our brothers and sisters working on the high seas, in our harbors or on our docks. We will be the first responders. If our troops need supplies overseas or if foreign cartels decide to strangle or blackmail our economy, it won't be to the Global Village that our nation will turn to for sustenance, it will be to our citizens. We will be called upon to make the sacrifice. Without some forward thinking and action, we will be ill equipped to rise to the task.

9/11 hasn't changed the historical proof that a viable United States flag merchant marine plus the United States Navy are the essential requirements to secure our trade routes. Alfred Thayer Mahan could have told us this one hundred years ago. A coherent national maritime policy can and must be developed. Consider the following steps to increase our maritime security:

- At this time there are 47 ships in our Maritime Security Program. We urge you to expand and extend this program. A minimum of one hundred militarily useful vessels and a twenty-year program are needed to sustain a U.S.-flag fleet in international trade.
- Maritime tax reform is essential to encourage investment in United States-flag shipping. The proposed Merchant Marine Cost Parity Act, H.R. 3262 introduced by Representatives Oberstar and Young will provide the sort of tax

and investment incentives enjoyed by our foreign-flag competitors. The bill be go a long way to reduce the high tax, insurance and inspection costs that currently disadvantage United States ship owners.

- Support of the Jones Act and Cargo Preference Laws must continue. Our domestic trade must remain in United States control. Our cargo preference laws should be rigidly enforced. The current leakage of military cargoes to foreign-flag carriers needs to be stopped.
- Title XI Loan Guarantees must remain available if our obsolescent domestic fleet is to be rebuilt. Investment in domestic shipping needs to be fostered, both to improve our national transportation network and to sustain our seagoing labor pool.
- Legislation such as the United States Cruise Vessel Act, S. 127 introduced by Senator McCain should be enacted to ensure that some of the billions of dollars going virtually tax-free to foreign ship owners gets re-directed into the U.S. economy and tax base. The palatial foreign-flag cruise ships that we see in our harbors employ hundreds of low wage, poorly documented third-world seamen. These floating cash cows enhance neither our maritime capability nor our port security.

The security of our trade routes is similarly not enhanced by certain misguided actions the United States Customs Service and United States Coast Guard. These federal enforcement agencies consistently stack the cards against the United States merchant marine.

Last year the Customs Service extended the scope of the already disadvantageous 50% ad valorem duty on repairs to U.S. vessels. Today, the latest Customs regulations subject maintenance and repairs performed by American crew members while underway on the high seas to the ad valorem duty. This is absurd and must be stopped.

Similarly, the United States Coast Guard, undermanned and under-funded as it regrettably is, consistently penalizes United States-flag ship owners relative to their foreign-flag counterparts. At this time American seafarers are subject to the International Convention on Standards of Training, Certifications and Watchkeeping for Seafarers (STCW). These standards are required for American seafarers engaged in foreign trade. At the same time, the U.S. Coast Guard has delayed implementing these requirements for foreign seafarers entering U.S. ports. We urge the U.S. Coast Guard to vigorously enforce these standards aboard flag of convenience vessels entering U.S. ports.

United States citizen mariners are among the most highly regulated workers in this country. Background checks and stringent training requirements for U.S. Coast Guard documented personnel are not new. What is disturbing is that (i) there is an irrational and unwarranted urgency to extend this condition to American citizen shore-side workers, and (ii) there is no apparent urgency to extend equivalent requirements to the hundreds of foreign seafarers who every day bring dozens of foreign-flag vessels in and out of United States ports.

While American seamen can apparently be legally arrested, detained, fined and deported by Canadian authorities upon evidence of misdemeanor convictions in American courts, foreign seamen come and go without effective scrutiny.

In simplest terms, we are concerned that American maritime workers and United States flag employers will be burdened with more regulations, while the rest of the industry carries on with business as usual. This can only drive U.S.-flag ship owners away from our flag and U.S. citizen mariners out of the industry.

It cannot be emphasized enough that only a maritime policy that recognizes the need for an active, commercially viable fleet will support the pool of trained manpower necessary to sustain our essential foreign trade requirements and military needs. Ready-Reserve vessels, naval auxiliary vessels held in Reduced Operating Status and foreign-flag vessels under so-called “effective U.S. control” will not provide the answer in times of genuine national emergency. Hulls may become available, but without United States-citizen crews to operate them, the vessels will not go anywhere, least of all into harm’s way.

The complexities of our modern maritime industry compound the difficulties in securing our trade routes. A recent New York Times article (October 8, 2001) noted that the Al-Qaeda owned a fleet of merchant vessels hidden under various flags of convenience. Every day, flag of convenience vessels enter our ports whose owners are virtually anonymous. Anything from illegal immigrants, contraband or explosive devices can be carried aboard these vessels. Shippers as well as ship-owners can be virtually anonymous. This must not continue.

Protecting our trade routes starts at foreign points of origin, with international shippers who are shipping goods to U.S. ports and with ocean carriers that transport our trade. American seafarers have known for many years that adequate control and inspection of containerized cargo is virtually impossible under current practices.

Data banks on shippers and carriers need to be developed. Cargo profiles must be established to identify suspicious shipments. This must be done at the point of origin rather than at the destination in a U.S. port. Shippers and their agents and consignees, freight forwarders, logistics suppliers and transportation intermediaries must be held legally responsible to provide accurate cargo data. Ocean carriers need to be examined to ascertain responsible parties. Vessel ownership must be transparent. All could be gradually certified as a prerequisite to continued business operations in this country.

Regarding container shipments, unsealed containers present an obvious security hazard. No container should be loaded aboard ship unless it is sealed and certified by a responsible party as empty. Loaded, sealed containers must have accurate descriptions of their contents in appropriate manifests. Responsible parties in the transportation chain must certify the data.

Entry into our commercial markets is a tremendous opportunity. The privilege should

entail responsibility from shippers and ocean carriers alike. Much has been said since September 11 regarding background checks for U.S. citizen workers who make their living in the maritime industry. Meanwhile fly-by-night ship owners, operators and shippers appear to be continuing to do business unmolested. We in the Maritime Trades are calling for background checks and certification for the shippers and ocean carriers who choose to bring their business into our ports. We support the proposed Port Threat and Security Act, S. 1587 and the Ship, Seafarer and Container Security Act S. 2329 which reflect these interests.

United States citizen seafarers and the families that we support urge our government to develop a comprehensive maritime policy. Maritime security demands a viable U.S. flag merchant fleet and accountability for all players in the transportation chain. Bona fide foreign carriers and shippers should be certified and held to the same standards of responsibility as their American counterparts. United States flag, citizen-crewed ships, which carry a reasonable proportion of U.S. foreign trade, are the best protection for our maritime trade routes. Self-reliance is the best guarantee of economic and national independence. We cannot reasonably expect to have either maritime or port security if our foreign trade is for all practical purposes carried and controlled by foreign interests. We must act now to implement these policy changes.

Thank you for your attention.